

Arie Brish of cxo360 (and book review)

[00:00:04.77] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode.

[00:00:23.76] Hello, this is Hall Martin with Investor Connect. Today, we're here with Arie Brish, founder and CEO of cxo360 and author of Lay an Egg and Make Chicken Soup six or 360 is a leadership advisory firm with an unparalleled network and numerous measurable success stories. The main purpose of Lay an Egg and make chicken soup is to introduce the multifaceted new products or services process to those executives who need a broader look at business innovation and how all the moving parts are supposed to work together. The people that will benefit the most from this book are founders of startups, CEOs, general managers, CFOs, venture capitalists, corporate directors, product managers and new business owners. Are you. Thank you for joining us. Thanks for having me. Well, great. Great. So what's been your background? What have you done before writing the book?

[00:01:06.33] Later in the book is kind of a natural outcome. I grew up in the high tech 20 something years in corporate America later on in the past 15 years or so. Well, I'm aging myself now. For the past 15 years, I've been more involved in startups, some technology, some in cleantech. And over the years, as I advised so many companies, I became industry agnostic almost at this point of my career.

[00:01:33.03] Great. So what inspired you to write this book at this time?

[00:01:36.42] So when I started my career as a young engineer a million years ago, you know, you have the mindset of, OK, I design the best product and people will just buy it. But then you realize that there's many other details in the execution that needs to work together in sync with each other. Otherwise, no matter how good the product is, it's going to fail. So over the years, I see that more and more even in corporate America, that's supposed to be, you know, experience in these kind of things. And definitely in the venture world where you have, you know, founders at first time, founders and I, coach and mentor in different capacities or different accelerators, I saw that people don't know what they don't know if it's not the fault of

anybody. They just don't know what they don't know. So I started to write notes to myself first blogging on LinkedIn and blogging and other capacities. And, you know, after a year or two of blogging, I realized I have enough material that if I glue it all together, it will make it will make a decent book. So that's what I did finally. I didn't know it was going to be a book or my family didn't know it's going to be a book until I was two months before publishing.

[00:02:52.92] In my mindset at least, it was never a decision to write a book. It was more like, you know, I think here and there. And at some point it all came together and made sense to push a button and, you know, send it to be published.

[00:03:07.39] So just tell us more about the book. How does it guide one in the process of innovation?

[00:03:12.15] So most of the books, innovation focus on two things, either on how to make a good idea or how to raise money for your startup. In my experience, it's only the first step in a long journey. So my focus in the book, although I do talk about what makes a good idea and how to raise funding, but I would say 80 percent of the book is how to execute. So eventually you make money and your investors will make money on this journey. And in many cases, people succeed or fail based on the execution. Not so much. The good idea was a good idea to start with. But then when it fails, in many cases, just because of bad execution or stumbling on speed bumps, you then expect then you find yourself flipping over the speed bump.

[00:04:01.47] So who is the primary audience for it? It seems like it covers a lot of different people and topics, but who are you writing it for?

[00:04:08.49] Yeah, so the structure of the book is under a thousand feet. Overview of everything you need to know as a CEO, a general manager and a business unit or an investor. There is one chapter per topic or one chapter power discipline, if you will. And I've been CEO for CFO five times. Probably the book will not give you any news. Maybe it will structure everything you know from experience. So the best audience is first time CEOs or first time general managers of a business unit. If you're in a corporate world or first time investors in the venture world, the the other disciplines or the other people, that it may make sense. If you want to be a team player, let's say you're a CFO of a company or a marketing product manager or whatever,

you'll be a better team player if you know what the other disciplines going through and make sure you'll be a good team player and everything will work together in sync instead of just focus on your little niche of the problem.

[00:05:08.22] So when you wrote the book, what surprised you the most about the topic?

[00:05:12.06] The thing that I would call a surprise, but as I wrote the book, many let me step back many of the eventual books takes. Polls from recent start ups and some of the books I read in preparation, by the time the book is published, the company said book is talking about, although they failed in some cases. So the book becomes obsolete when it's published. So it would surprise you can go 100 years back and take a case study, the invention of the light bulb or the invention of the telephone or things like that. And you see that from a generic business point of view, the same challenges and the same obstacles existed 100 years ago. You can learn from, you know, Thomas Edison or Alexander Graham Bell, things that they had to wrestle with that are relevant today. No matter what you do, if you do an app on a smartphone or will we don't know in your restaurant to have your food or something. The business issues in many cases are the same or very similar. So you can learn if you take an old enough stock up, you'll see the journey. They went well, what obstacles they had through that journey and how did they overcome or didn't overcome? And you can learn from that. So I found out that many young people, they don't go back. They just look OK. What was the start of the all of three months ago that somehow started to make an appearance in the market? But when you look 10 years out or 20 years out of 50, the oldest case study I have in the book is 500 years old. And that's the invention of the printing machine and the lots of parallels between that and what the printing was in this society back then versus what the Internet did for society in recent years. There's lots of parallels you can draw. And so this is an extreme example of how an old example can be still applied for today's environment and lesson learned for today in today's environment.

[00:07:22.99] So what was the most important takeaway you found in it about innovation?

[00:07:27.49] One important thing I found, you know, was doing all my research for the book is that you can learn across industries in many cases where, you know, you stumble into a challenge in a particular industry. But somebody else in a totally different industry had

the same issue 20 years ago, 10 years ago. And you look at this case and you learn from that experience, even though it's a totally different industry. But when you analyze the challenge from a generic business point of view, whether you might be a restaurant and the other one may be a hospital, you can still learn from each other and apply the lessons from somebody's success or somebody, you know, failure to listen, learn and apply to your industry, even though it's a totally different industry.

[00:08:14.05] Well, so how did the book change the way you think about innovation?

[00:08:17.38] It just made me be more convinced that the success or failure is about execution. And, you know, in many cases, young people, young entrepreneurs and very innovative because they are not boxed yet. If you work for 20 years or 50 years in the same discipline, you tend to have rigid box around yourself and you have time to get out of that box. The young people, the box is a little more flexible or maybe it doesn't exist at all. So that's one thing that you learn from these examples. Is somebody out of the box? That's a cliche, but if you're very young and not boxed in, then somewhere you tend to come up with solutions that nobody else in this particular industry came up with because they are too limited in their thinking. So what is the biggest mistake you think startups make about innovation, the several topics or issues, challenges people need to look at and think about? One thing I've seen in several startups is people spend too much time on fighting with each other, about half a percent on their own on the equity, how to split the equity between the founders. And they spend all their energy on that. And it turns out they cause the company to spiral down so that whatever equity they manage to negotiate for themselves, if you multiply by zero, if the stock doesn't succeed, it doesn't matter.

[00:09:51.22] If had 20 percent equity or 50 percent equity multiplied by zero, the result is zero. So I would say in many cases where people spend too much energy and whether they get seven, 10 percent or 20, 30 percent later on, they cause the startup to fail because the CEO, the founders or the board of directors are spending too much energy on those issues. And by the way, one thing that the book has that I didn't even realize when I wrote it, one of my reviewers brought it to my attention that almost every chapter. Talks about the human aspect of whatever the topic of the chapter is, whether it's a marketing or obviously organization in the company or even intellectual property. The examples I bring highlight the fact that the human relations of

whatever you do is the most important part in any part of the business journey. So this is one. And and then the other is, you know, pay attention to all the details, because if one component in this complex machine fails, the entire machine will collapse. It's like a domino thing, every little detail to work together. Otherwise, everything collapse.

[00:11:03.10] Well, you talk about raising funding. How does this play into the fundraising process and how does innovation play into the fundraising process?

[00:11:11.98] So going back to your previous question and go back and we'll go back to the funding. So the other thing that is maybe important for the funding is something called learning curve. I teach in the university and with the touchstone learning curve a couple of days ago. Learning curve is a theory that works in practice. And the theory was developed over 100 years ago. You'll be surprised everybody learn in school and nobody does anything about it in the practical world. And why it's important for funding, because when you build the first 200 products of the first 1000 units, the costs may be enormous. OK, it cost you a hundred dollars to build a product that you sell for twenty five dollars and everybody supplies, you know, and panicking. How come you are losing money on this product? You have to budget for the learning to exist and people know it exists. They read it in the textbook. But then when they come to it like they never designed for it. And it does impact the funding because if you have to sell the first, I don't know, X number of products losing money impacted the funding you need to raise because you have to kind of subsidize it to some extent, because even if it costs you a hundred dollars to build it, if the market will pay only twenty five dollars for this product, you'll have to subsidize some of the five dollars for every unit you sell initially until you drive down the learning curve to make it profitable at twenty five dollars and people fail to take it into account in the budgeting plan. And then they come to the cliff that they lose money on selling the product initially.

[00:12:55.72] And what mistake investors make in this space, what would you coach them to do differently next time.

[00:13:01.87] So so putting my investors hat now back, what I see investors don't pay enough attention is to the execution and to the people and team aspects. You can be the best product and you show a nice PowerPoint that why this market and the billion people are going to buy

that. But then found, as I'm talking to, can they execute on this product or do they have the right plan to execute? And then once if they have the right plan, can they manage this execution? So this is one mistake that many investors make. They get captured by the enthusiasm of the inventors and not pay attention to the inventors ability to execute. And it's different people. You know, it can be the great inventor in the world, but then you cannot always execute one of the things that, you know, when you listen, says Thomas Edison's the biggest or the most important contribution he had to technology and to innovation is he created a process where he can invent something. But then he had a team of people that were able to execute on that idea and take it out to the market. And it's never a one person invention. Even Thomas Edison here, the team of dozens of people that developed his idea. So he was brilliant in coming up with the idea, for example, light bulb, you know, that's like the ultimate invention. I first of all, the person that invented the light bulb is not Thomas Edison. It was invented the fifty years before him. Thomas Edison went through the process to be able to commercialize it, to be able to manufacture it, to make it reliable enough so you don't have to change a light bulb every ten minutes. It will work for a few months, at least in the beginning. So and he did some thousands of experiments in finding the right formula that will make his invention commercially viable or not his invention to make the idea commercially viable.

[00:15:12.31] So I guess that's a lesson to many entrepreneurs. It's not about inventing it. It's about taking it to market and making it useful. Yeah, exactly. Exactly. So. Based on this experience, what would you consider writing next year?

[00:15:24.59] As I said, I'm not a professional writer, so I get my writing satisfaction, so to speak, by blogging. And, you know, I blog a lot on LinkedIn and LinkedIn, by the way, when they have this limit of thirteen hundred characters, a piece that you blog. So it's pretty challenging to get the message across in setting how the characters and the blog this week. Was it yesterday or the day before? It was Dr. Seuss birthday yesterday and the way Dr. Seuss came up with the cat in the hat. Somebody came up with a list of 250 words that young kids understand, OK? And they came to him and said, write a book that kids will find enthusiastic, but you'll see it only with 250 words. And that's how it took him nine months to develop the cat in the hat. And he was only two hundred and thirty six words out of the list of 250. So it takes an effort to condense an idea into a, you know, limit the number of words on in the case of LinkedIn and limit the number of characters. And whenever I don't like, then I start to write and then I find

myself, oh my God, it's 2000 characters. Now, how do I condense it to something other characters? So that's kind of the challenge. But I enjoy the process.

[00:16:51.65] Right. When the last few minutes that we have here, what else should we cover that we haven't?

[00:16:55.31] Well, I think the important thing is look at all the examples. No matter what your invention is, whether you're trying to make stem cells or some medical artificial intelligence or whatever, when you launch into the market, the basic business challenge is the same. Whether you're trying to put a man on mouse or trying to do a virtual reality, artificial intelligence of your dead grandmother or whatever it is, the challenges of commercializing it very similar. So look back on the is find something similar with similar challenges and look how they try to resolve those challenges and what made it work or where did they fail and what have you. The fact that you're using some super fancy technology, but the business challenges are kind of the same.

[00:17:49.97] Oh, great. Well, how best for listeners get back in touch with you, OK?

[00:17:54.84] One of the ways LinkedIn. So I am on LinkedIn. Very visible, I think. So you can find me on LinkedIn and send me a message. LinkedIn message on my website is you mentioned six oh three six zero dot net. So there is a contact information there. These are the best ways until unless you want to write down the email, which is six or three six zero at Hotmail dot com. But LinkedIn is always a good because you can find me by that name and not by the email.

[00:18:27.21] Great in the book. Lay an egg and make chicken soup is available now. Is it on site?

[00:18:32.36] It's available on Amazon since actually for two years now it has been on and off bestseller on Amazon up to number one. In a few occasions. Amazon tracked the sales of books by the oh actually. So it was a number one several times it was on the top ten million times. So I did something right. And commercialising this book or great.

[00:18:59.18] Well congratulations for that. I want to thank you for joining us today and hope to have you back for a follow up soon. Thanks for having me.

[00:19:06.47] Investor Connect helps investors interested in startup funding in this podcast series Experience. Investors share their experience and advice. You can learn more at Investor Connect, Doug. Paul Martin is the director of investor Canek, which is a five Wannsee three non-profit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.